



## FEDERAL COMMUNICATIONS COMMISSION

### 47 CFR Part 1

[MD Docket 22-301; FCC 22-68; FRS ID 105135]

#### Review of the Commission's Assessment and Collection of Regulatory Fees

**AGENCY:** Federal Communications Commission.

**ACTION:** Request for comments.

**SUMMARY:** In this document, the Federal Communications Commission (Commission) seeks further comment on the Commission's methodology for allocating indirect full-time equivalents (FTEs), previously raised in the Commission's Fiscal Year (FY) 2022 Notice of Proposed Rulemaking (FY 2022 NPRM), FCC 22-39, MD Docket Nos. 21-190, 22-223, adopted on June 1, 2022 and released on June 2, 2022.

**DATES:** Comments are due on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER] and reply comments are due on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** Interested parties may file comments and reply comments identified by MD Docket No. 22-301, by any of the following methods below.

- **Electronic Filers:** Comments may be filed electronically using the Internet by accessing ECFS: <https://www.fcc.gov/ecfs>.
- **Paper Filers:** Parties who choose to file by paper must file an original and one copy of each filing.
- Filings can be sent by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.
- Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9050 Junction Drive, Annapolis Junction, MD 20701.

- U.S. Postal Service first-class, Express, and Priority mail must be addressed to 45 L Street, NE, Washington, DC 20554.

For detailed instructions for submitting comments, see the **SUPPLEMENTARY INFORMATION** section of this document.

**FOR FURTHER INFORMATION CONTACT:** Roland Helvajian, Office of Managing Director at (202) 418-0444.

**SUPPLEMENTARY INFORMATION:** This is a summary of the Commission's *Notice of Inquiry* (NOI), FCC 22-68, MD Docket No. 22-301, adopted on September 1, 2022 and released on September 2, 2022. The full text of this document is available for inspection and copying during normal business hours in the FCC Reference Center, 45 L Street, NE, Washington, DC 20554, and may also be purchased from the Commission's copy contractor, BCPI, Inc., 45 L Street, NE, Washington, DC 20554. Customers may contact BCPI, Inc. via their website, <https://www.bcpi.com>, or call 1-800-378-3160. This document is available in alternative formats (computer diskette, large print, audio record, and braille). Persons with disabilities who need documents in these formats may contact the FCC by e-mail: [FCC504@fcc.gov](mailto:FCC504@fcc.gov) or phone: 202-418-0530 or TTY: 202-418-0432. Effective March 19, 2020, and until further notice, the Commission no longer accepts any hand or messenger delivered filings. This is a temporary measure taken to help protect the health and safety of individuals, and to mitigate the transmission of COVID-19. *See FCC Announces Closure of FCC Headquarters Open Window and Change in Hand-Delivery Policy*, Public Notice, DA 20-304 (March 19, 2020). <https://www.fcc.gov/document/fcc-closes-headquarters-open-window-and-changes-hand-delivery-policy>. During the time the Commission's building is closed to the general public and until further notice, if more than one docket or rulemaking number appears in the caption of a proceeding, paper filers need not submit two additional copies for each additional docket or rulemaking number; an original and one copy are sufficient.

*Ex Parte Rules.* This proceeding shall be treated as a "permit-but-disclose" proceeding in accordance with the Commission's *ex parte* rules. Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons

making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter's written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during *ex parte* meetings are deemed to be written *ex parte* presentations and must be filed consistent with rule § 1.1206(b). In proceedings governed by rule § 1.49(f) or for which the Commission has made available a method of electronic filing, written *ex parte* presentations and memoranda summarizing oral *ex parte* presentations, and all attachments thereto, must be filed through the electronic comment filing system available for that proceeding, and must be filed in their native format (*e.g.*, .doc, .xml, .ppt, searchable .pdf). Participants in this proceeding should familiarize themselves with the Commission's *ex parte* rules.

## **I. SYNOPSIS**

1. In this document, the Commission seeks further comment on its methodology for allocating indirect FTEs, as raised in the *FY 2022 NPRM* (87 FR 38588, June 28, 2022). While we found above that the record supported a limited correction to the method used for calculating the fees associated with certain indirect FTEs in the Universal Service Fund context, we seek to more broadly explore these issues outside of the short timeframe necessitated by the annual regulatory fee proceeding. The responses we receive will help us determine if there are lines of inquiry worth exploring in order to further revise our methodology. Finally, we hope that the comments and replies will allow interested parties to gain a better understanding of the regulatory fee process and the issues of importance to the various groups affected by our regulatory fee policies.

2. Historically, the Commission assesses the allocation of FTEs by first determining the number of non-auctions direct FTEs in each “core bureau” (i.e., the Wireless Telecommunications Bureau, the Media Bureau, the Wireline Competition Bureau, and the International Bureau) and then attributing all other non-auctions Commission FTEs as indirect. The direct FTEs within each core bureau are then attributed to regulatory fee categories based on the nature of the FTE work. We expect that the work of the non-auctions direct FTEs in the four core bureaus will remain focused on the industry segment regulated by each of those bureaus. For this reason, the Commission starts with direct FTE counts in the core bureaus and then potentially adjusts fees to reflect other factors related to the payor’s benefits.

3. We initially seek comment on whether we should expand the definition of “core bureau” to include other bureaus and offices within the Commission. Commenters should discuss the additional offices or bureaus we should consider “core” for regulatory fee purposes and why. We encourage commenters to review both the function and delegations of each office when considering this question. Is the work of the office or bureau focused on a specific industry segment regulated by that office or bureau? If so, what is the industry segment? Is the office or bureau responsible for regulating other work not related to a specific industry segment? Commenters should address whether expanding the Commission’s definition of “core bureau” is feasible, administrable, sustainable, and consistent with section 9 of the Communications Act of 1934 (Act).

4. Unlike the work of direct FTEs, the work of FTEs designated as indirect benefits the Commission and the industry as a whole and is not specifically focused on the regulatees and licensees of a core bureau. Thus, indirect FTEs generally work on a wide variety of issues which may include services that are not specifically correlated with one core bureau, let alone one specific category of regulatees. Further, much of the work that could be assigned to a single category of regulatees is likely to be interspersed with the work that indirect FTEs perform on behalf of many entities that do not pay regulatory fees, e.g., governmental entities, non-profit organizations, and regulatees that have an exemption. In addition to the fact that indirect FTEs work on matters that are not specific to any

regulatory fee category, many Commission attorneys, engineers, analysts, and other staff work on a variety of issues even during a single fiscal year. Due to the variety of issues handled by many indirect FTEs, analyzing the work of such indirect FTEs for regulatory fee purposes and basing regulatory fees on specific assignments during any snapshot or incremental period of time, such as a year or two, would result in significant unplanned shifts in regulatory fees as assignments change.

5. In calculating regulatory fees, the Commission allocates indirect FTEs proportionally based on the allocation percentage of direct FTEs of each core bureau. In essence, if a core bureau's contribution to the regulatory fee burden is calculated to be 40%, then it is also responsible for 40% of the indirect costs. Commenters argue that this results in regulatory fee payors paying being unfairly burdened by costs of FTEs that do not directly provide oversight and regulation to such fee payors. We seek comment on whether the Commission should change its current methodology for calculating regulatory fees to minimize burdens on certain regulatory fee payors, while still collecting the entire appropriation, as required by section 9 of the Act. To the extent that commenters support amending the methodology, the proposals made must allow for the full collection of our annual appropriation. In other words, a proposed system that only provides that regulatees pay fees for the direct time of staff in the core bureaus would be per se contrary to our statutory mandate. Comments filed in the Notice of Inquiry docket proposing such amendments should provide full scale examples of the potential changes to the current methodology and explain how those changes would be consistent with section 9 of the Act.

6. As discussed above, we find that broadcasters should not be required to pay for a portion of the 38 indirect FTEs working on Universal Service Fund issues that are in the Wireline Competition Bureau but are designated as indirect FTEs. Although we affirmed the Commission's previous finding in 2017 that these 38 FTEs were properly allocated as indirect FTEs for regulatory fee purposes, are there indirect FTEs that commenters believe should be considered direct FTEs for regulatory fee purposes? For example, in FY 2019, the Commission reassigned staff from other bureaus and offices to the Office of Economics and Analytics, effective December 11, 2018. This resulted in the

reassignment of 95 FTEs (of which 64 were not auctions-funded) as indirect FTEs. The Commission also reassigned Equal Employment Opportunity enforcement staff from the Media Bureau to the Enforcement Bureau, effective March 15, 2019, resulting in a reduction of seven direct FTEs in the Media Bureau. These reassignments resulted in a reduction in direct FTEs in the Wireline Competition Bureau (from 123 FTEs to 100.8 FTEs), Wireless Telecommunications Bureau (from 89 FTEs to 80.5 FTEs), and Media Bureau (from 131 FTEs to 115.1 FTEs). In 2013, the Commission allocated all International Bureau FTEs except for 28 as indirect. Should we reconsider these assignments and now consider these FTEs direct FTEs in a core bureau instead of indirect? Commenters should discuss whether this allocation is still reasonable. Should we re-evaluate the number of direct and indirect FTEs in the International Bureau? For each category of FTE a commenter proposes to be reassigned, the commenter should explain how such reassignment is appropriate under both the Communications Act and also the body of precedent relating to federal agency fee setting. If these reassignments are still appropriate, should we consider other corrections to our fee calculation methodology, as we did in the Universal Service Fund context?

7. As indicated in the *FY 2022 NPRM*, early in each fiscal year, the Commission receives FTE data from its Human Resources Office, and identifies FTE data at the core bureau level (i.e., direct FTEs), which are then used to determine the FTE allocations for the four core bureaus. These FTE data are then filtered down to the various fee categories within each core bureau based on the fee category percentages for each bureau. We encourage commenters in looking at the question to consider how indirect FTE time devoted to work on one or more regulated services could be considered direct FTE time. How should time be calculated for purposes of regulatory fees if FTE time is devoted to issues involving different regulated services at the same time (e.g., voice services)?

8. Commenters should also consider that indirect FTEs may be difficult to disaggregate in a manner that is easy to administer and transparent with respect to how it applies to certain regulated services. For example, a complex enforcement investigation involving a space station operator could result in many Enforcement Bureau indirect FTEs working on space station issues on a temporary basis

instead of on other issues. Would allocating those indirect FTEs as direct FTEs for the International Bureau unfairly increase the regulatory fees for all space station licensees or all International Bureau regulatees for that fiscal year? Is there a way to disaggregate the time indirect FTEs may spend on issues associated with core bureaus in a way that would not result in significant regulatory fee increases from year to year? Taking into consideration practical limits on what the Commission may accomplish using existing systems and also limited staff time, how frequently should FTE time be analyzed for reassessments of the work done by indirect FTEs?

9. Other indirect FTEs may not be able to disaggregate the issues that they handle or may work on matters that do not correlate with any particular regulated service. Commenters who advocate analyzing the indirect FTE time to determine if their time can be allocated to specific regulated services should explain how to address indirect FTE time that cannot be specifically disaggregated into work performed for certain regulated services. SIA observes that the current indirect FTE allocation method is appropriate for certain non-core bureaus and offices, such as the Office of the General Counsel. Are there other bureaus and offices that commenters consider to be more appropriately designated as indirect? State Broadcasters Associations suggest that the Commission adopt a third classification of intersectional FTEs to avoid unfair burdens on broadcasters. SIA suggests an alternative allocation mechanism for indirect FTEs in cases where the work is not always proportional. Commenters should also specifically address these alternatives to the Commission's current methodology. Commenters should explain how we could implement these alternative suggestions, consistent with section 9 of the Act. Moreover, commenters should consider if such changes might result in a more complicated fee system that nevertheless results in the setting similar fee amounts but requires more time and Commission resources to manage.

10. One commenter, the State Broadcasters Associations, suggest that the Commission adopt a third classification of intersectional FTEs. SIA suggests an alternative allocation mechanism for indirect FTEs in cases where the work is not always proportional. Commenters should also specifically address these alternatives to the Commission's current regulatory fee methodology. Commenters

should explain how we could implement these alternative suggestions, consistent with section 9 of the Act. Moreover, commenters should consider if such changes might result in a more complicated fee system that nevertheless results in the setting similar fee amounts but requires more time and Commission resources to manage.

11. Commenters advocating allocating indirect FTEs as direct for regulatory fee purposes should explain how we should assess FTE time in order to make the reallocation. Commenters are encouraged to consider practical aspects of FTE time. For example, how should FTEs devoted to administrative matters, such as releasing and posting Commission and Bureau level items, be categorized? Should such FTE time be considered indirect, or should each released item be analyzed to determine to which core bureau it is associated? How should FTE time devoted to matters encompassing voice issues (i.e., wireless and wireline, including VoIP) be characterized? Is there a fair way to allocate such FTE time among or between bureaus or should that FTE time be considered indirect? We note that our regulatory fee methodology must be consistent with the requirements of section 9 of the Act that “fees reflect the full-time equivalent number of employees within the bureaus and offices of the Commission.” Commenters should recognize that cherry picking certain groups of FTEs from indirect bureaus and offices and reassigning them as direct FTEs for regulatory fee purposes could result in a less equitable methodology overall and achieve a result inconsistent with their intention of reducing their regulatory fees. Finally, commenters should recognize that any new methodology they propose must be consistent with section 9 of the Act, fair, administrable, and sustainable.



## II. ORDERING CLAUSE

12. Accordingly, **IT IS ORDERED** that, pursuant to the authority found in sections 4(i) and (j), 9, 9A, and 303(r) of the Communications Act of 1934, as amended, 47 U.S.C. 154(i), 154(j), 159, 159A, and 303(r), the Notice of Inquiry **IS HEREBY ADOPTED**.

Federal Communications Commission.

**Katura Jackson,**

*Federal Register Liaison Officer.*

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